

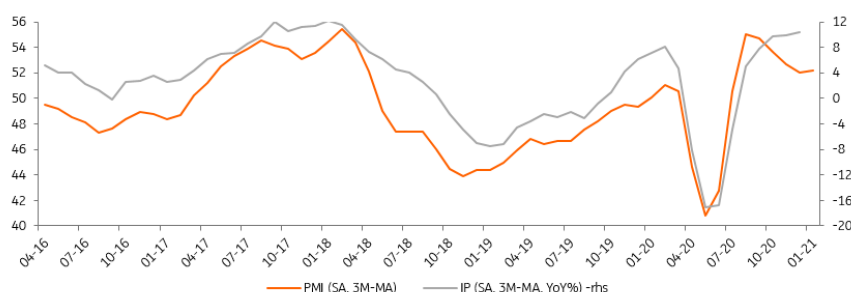
Turkish industrial production remains upbeat in December

Industrial production in Turkey signals another strong GDP growth number in the fourth quarter, despite increasing Covid-19 cases and more lockdowns



Source: Flickr

PMI vs IP



Source: TurkStat, Markit, ING

Industrial production in Turkey (seasonal and calendar adjusted, SA) continued to increase in

December by 1.3% month-on-month, showing strengthening economic activity despite increasing Covid-19 cases and more lockdowns. In year-on-year terms, industrial production (calendar adjusted) reported another higher than expected figure at 9.0%, pulling the index to another peak.

After a jump in the third quarter, thanks to reopening of the economy and large credit expansion along with other stimulus measures, industrial production continued to grow in 4Q and turned out to be 4.8% quarter-on-quarter, showing strong performance with lagged effects of supportive policies and relatively soft quarantine measures in the second wave, designed not to impact production.

Among broad economic categories, all groups recorded positive growth rates on a sequential basis in 4Q, indicative of a broad-based recovery.

Capital, intermediate and durable goods turned out to be above 5% QoQ growth rates. Among manufacturing sectors which contributed the most to industrial production performance, only five with relatively lower weights out of 24 contracted in this period.

The industrial production numbers signal another strong GDP growth in 4Q, likely to pull the annual increase in 2020 to above 1.5%.

While the January manufacturing and sectoral PMIs hint at an extension of this performance into 1Q21, construction and services related indicators, i.e. turnover, confidence signal some moderation lately, though still at relatively high levels.

Given this backdrop, it is too early to conclude a rapid momentum loss for early 2021 despite financial tightening and credit deceleration.

Author

Muhammet Mercan

Chief Economist, Turkey

muhammet.mercan@ingbank.com.tr

Disclaimer

This publication has been prepared by the Economic and Financial Analysis Division of ING Bank N.V. ("ING") solely for information purposes without regard to any particular user's investment objectives, financial situation, or means. *ING forms part of ING Group (being for this purpose ING Group N.V. and its subsidiary and affiliated companies).* The information in the publication is not an investment recommendation and it is not investment, legal or tax advice or an offer or solicitation to purchase or sell any financial instrument. Reasonable care has been taken to ensure that this publication is not untrue or misleading when published, but ING does not represent that it is accurate or complete. ING does not accept any liability for any direct, indirect or consequential loss arising from any use of this publication. Unless otherwise stated, any views, forecasts, or estimates are solely those of the author(s), as of the date of the publication and are subject to change without notice.

The distribution of this publication may be restricted by law or regulation in different jurisdictions and persons into whose possession this publication comes should inform themselves about, and observe, such restrictions.

Copyright and database rights protection exists in this report and it may not be reproduced, distributed or published by any person for any purpose without the prior express consent of ING. All rights are reserved. ING Bank N.V. is authorised by the Dutch Central

Bank and supervised by the European Central Bank (ECB), the Dutch Central Bank (DNB) and the Dutch Authority for the Financial Markets (AFM). ING Bank N.V. is incorporated in the Netherlands (Trade Register no. 33031431 Amsterdam). In the United Kingdom this information is approved and/or communicated by ING Bank N.V., London Branch. ING Bank N.V., London Branch is authorised by the Prudential Regulation Authority and is subject to regulation by the Financial Conduct Authority and limited regulation by the Prudential Regulation Authority. ING Bank N.V., London branch is registered in England (Registration number BR000341) at 8-10 Moorgate, London EC2 6DA. For US Investors: Any person wishing to discuss this report or effect transactions in any security discussed herein should contact ING Financial Markets LLC, which is a member of the NYSE, FINRA and SIPC and part of ING, and which has accepted responsibility for the distribution of this report in the United States under applicable requirements.

Additional information is available on request. For more information about ING Group, please visit www.ing.com.